



CARES ACT

REQUEST FOR PROPOSALS

Addendum No. 2

Date of addendum: June 21, 2020

NOTICE TO ALL POTENTIAL RESPONDENTS

The Request for Proposals (RFP) is modified as set forth in this Addendum. The original RFP documents and any previously issued addenda remain in full force and effect, except as modified by this Addendum, which is hereby made part of the RFP. Respondent shall take this Addendum into consideration when preparing and submitting its Proposal.

REMINDER THAT QUESTION AND ANSWER PERIOD HAS CLOSED

The question and answer period closed on Friday, June 19, 2020 at 4:30 p.m. HST.

Questions asked after this time will receive the response:

“Aloha.

We regret to inform you the question and answer period closed on Friday, June 19, 2020 at 4:30 p.m. HST. As such we cannot answer any further questions regarding this Request for Proposals. Please see the resources on <https://kauaiforward.com/rfp/>, which includes the Request for Proposals dated June 14, 2020, Addendum No. 1, dated June 17, 2020 and Addendum No. 2, dated June 21, 2020.

Both addendums contain **a question and answer section**. Also posted on <https://kauaiforward.com/rfp/> is the guidance and FAQ issued by the U.S. Treasury.”

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1.0 RFP			
Addend a Item	RFP Sec. No.	RFP Section Title	Description of Change
1.1			A new sentence is <i>added</i> which states: “The answers to individual emails, and the complied answers in the “2.0 Questions and Answers” sections of the addenda, are for informational purposes only. In the event of conflict (or ambiguity) between them and the rest of the RFP, the rest of the RFP shall take precedence.”
2.0 – Questions and Answers			
The following questions and answers are edited for clarity. The questions and answers are provided as a matter of information to clarify issues raised about the RFP.			
Item	Questions and Answers		
2.1	<p>Question: In the webinar, it’s stated that only Kauai non-profits are eligible to apply. However, there are large organizations that have a track record of managing interns and temporary employees such as [non-profit] that is located on Kauai. Would [non-profit] be allowed to be a part of the grant proposal if they are taking on the administrative role for multiple projects on Kauai such as [other non-profits]?</p> <p>Answer: Yes. The program needs to be for the benefit of the people of Kauai and/or Niihau. [Non-profit] could be eligible, provided the funds requested were exclusively allocated to, and spent on, benefiting the people of Kauai and/or Niihau.</p>		
2.2	<p>Question: Because many [smaller non-profit] partners are looking to fund smaller projects leveraged towards the overall mission of resiliency. Would an organization like [non-profit] be able to serve as a hub or umbrella organization to distribute funds for these individual partner projects?</p> <p>Answer: Yes, and we <i>encourage</i> this, provided the hub or umbrella organization has the resources to comply with the requirements under the Grant Agreement.</p>		

<p>2.3</p>	<p>Question: Aloha, I have a question about the cares act relief grants. I looked at the Kauaiforward website and couldn't find the information that I needed. I am wondering if there is any sort of grants or help available for small farms?</p> <p>Answer: <i>Not directly</i>. The granting opportunity provided by the RFP posted on kauaiforward.com is for non-profits. That said, we hope that a non-profit will apply for funding with the intention of creating a program that provides grants or help to small farms. The County is certainly looking to support agriculture.</p> <p>You may also want to check https://kauaiforward.com/business/#farmers for useful resources.</p>
<p>2.4</p>	<p>Question: Is there anyone else that I could talk to about this or anywhere I could get more information that you might know of?</p> <p>Answer: At the moment we are not aware of anyone else to talk to or anywhere else you could get more information regarding the CARES Act. As we become aware of new information it will be posted to https://kauaiforward.com/.</p>
<p>2.5</p>	<p>Question: Wondering if you can provide more formal guidance on allowable use of CARES Act funding outside of the link provided within the RFP and your existing FAQ?</p> <p>We especially are getting lots of questions around construction-related regulations related to the Federal funding as we get bids. Can the county clarify which, if any, federal requirements apply specific to construction projects? Will anything be required above and beyond adherence to Kauai County code? Is there any more detailed documentation you can share with us regarding this?</p> <p>Answer: All documentation and formal guidance available to us (the U.S. Treasury's "Coronavirus Relief Fund <i>Guidance</i> for State, Territorial, Local, and Tribal," the U.S. Treasury's "Coronavirus Relief Fund <i>Frequently Asked Questions</i>" updated 5/28/2020, and the State of Hawaii Handbook) has been posted on https://kauaiforward.com/rfp/</p> <p>Regarding construction requirements we would direct you to paragraph 28(c) of the sample grant agreement included in the RFP (and also paragraph 2.3 of the State's Handbook). It states:</p> <p style="padding-left: 40px;">All contracts made by a grantee under a federal award must contain the provisions outlined in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix II to Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.</p>

	<p>Appendix II has several requirements that may apply to construction contracts. We can't opine which of those will apply to specific projects via this question and answer process (that requires an analysis that is outside of what we can offer in a timely manner).</p> <p>Beyond that, we do not know. When the U.S. Treasury initially issued their FAQ on May 4, 2020 there was no mention of 2 CFR 200 et seq. Subsequently on May 28, 2020 the U.S. Treasury revised it and made clear that <i>certain</i> CFR provisions applied. There is no guarantee that the U.S. Treasury will not issue further revisions that add requirements.</p>
2.6	<p>Question: Regarding job creation, can the funds pay for a full-time staff, emergency hire. If so, will payment for that position only be good until December 30, 2020?</p> <p>Answer: Yes, the funds can pay for a full-time staff, emergency hire, provided that it was a necessary expenditure under the CARES Act. Yes, the payment for that position would only be good until December 30, 2020.</p>
2.7	<p>Question: Can funds pay for cell phones to be given to community, as part of access to services? Especially for homeless individuals.</p> <p>Answer: Yes, giving cell phones to the community could qualify, if the applicant articulated why it was a necessary expenditure under the CARES Act. For instance, to justify providing cell phones to individuals experiencing houselessness, an applicant may explain that it would allow for enhanced social distancing, ability to telework, access to critical resources and facilities, access to critical information from the government (the CDC, the County, etc.), and other benefits the applicant believes possible.</p> <p>Whatever the benefits, it would be the responsibility of the applicant to articulate in their application why it is a necessary expenditure. Do not take for granted that the benefits will be obvious to the selection committee or that they will know why you believe it is a necessary expenditure.</p>
2.8	<p>Question: [Under Rise to Work]. We are also wondering whether tools are considered supplies? Or are they considered equipment? Usually, equipment is anything that costs more than \$5,000, but we noticed that the third to the last bullet in section A-5 says: <i>Required equipment and tool costs for these employees (not to exceed 5% of the total labor cost)</i>, which seems to lump it together with equipment; in other words, if we include weed whackers (or something similar) that costs less than \$5,000, but several add up to more than \$5,000, should they be considered supplies or equipment? And if they are supplies, does the limit of 5% of total labor costs still apply?</p>

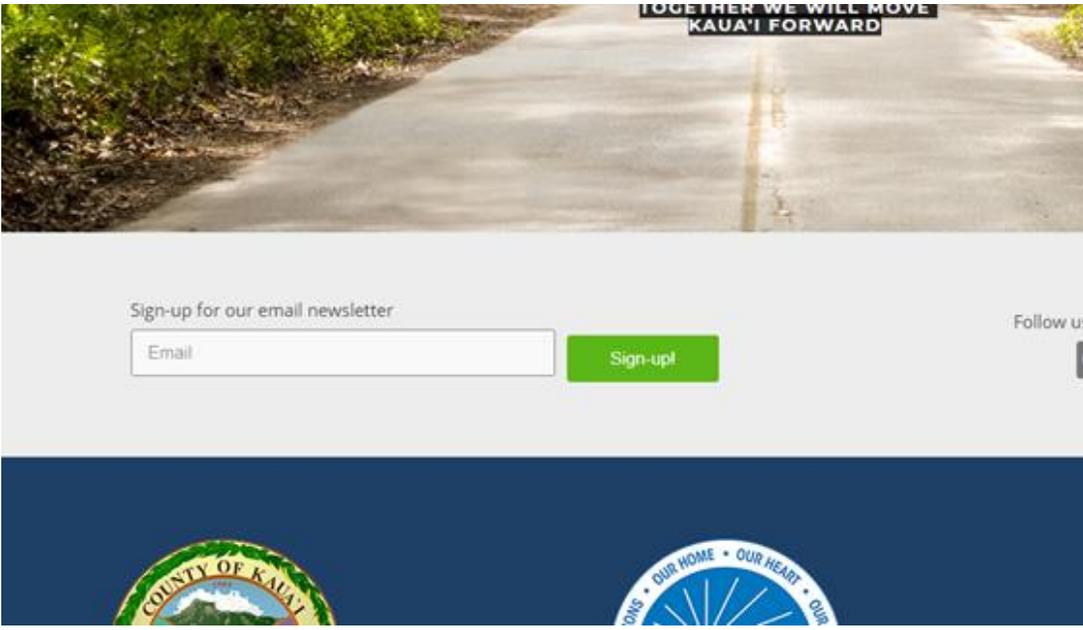
	<p>Answer: Have you seen Addendum No.1? It shifted that bullet point from being a general requirement to only applying to Rise to Work. (If you are only applying to Rise to Work it doesn't make a difference but we wanted to point it out just in case).</p> <p>Insofar as you are applying under the Rise to Work Sector Area, tools, whether considered supplies or equipment, are limited to 5% of the total labor cost. This restriction was put in after consultation with the County Council. Tool costs which aggregate to over \$5,000 are not equipment; but they are nevertheless limited to 5% of the total labor cost. Supplies are not expressly limited to 5% but supply costs should be reasonable in proportion to labor costs. A primary purpose of Rise to Work is to provide employment opportunities.</p>
<p>2.9</p>	<p>Question: In the Rise to Work sector, we would hire a number of workers (possibly 10-15); can we include a contractor with specific skills instead of a hire?</p> <p>Answer: Yes. Please be mindful of the requirements in paragraph 28(c) of the sample grant agreement included in the RFP (and also paragraph 2.3 of the State's Handbook). It states:</p> <p style="padding-left: 40px;">All contracts made by a grantee under a federal award must contain the provisions outlined in 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix II to Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.</p> <p>Appendix II has several requirements that apply to contracts. We can't opine which of those will apply to specific projects via this question and answer process (that requires an analysis that is outside of what we can offer in a timely manner).</p>
<p>2.10</p>	<p>Question: I am currently looking at the guidelines for the Cares Act eligible expenditures and it's reading as if the eligible expenditures are primarily focused on medical and health issues. However my proposal is for Sector Area: Agriculture for a self-sustaining Kauai.</p> <p>My question is, is there a conflict between the county and federal requirements? I'm not seeing anywhere in the federal guidelines where the funds can be used for Agricultural sustainability.</p> <p>Answer: We do not believe there is a conflict between the County and federal requirements; there is no prohibition against using CARES Act funding for agriculture projects. The U.S. Treasury's Guidance is clear that "necessary expenditures" include those costs that "respond directly to the emergency, such as by addressing medical or public health needs, <i>as well as expenditures</i> incurred to</p>

	<p>respond to <i>second-order effects</i> of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.”</p> <p>For instance, this question and answer is from the U.S. Treasury’s FAQ:</p> <p style="text-align: center;"><i>May recipients use Fund payments to facilitate livestock depopulation incurred by producers due to supply chain disruptions?</i></p> <p style="text-align: center;">Yes, to the extent these efforts are deemed necessary for public health reasons or as a form of economic support as a result of the COVID-19 health emergency.</p> <p>If your proposal is for agricultural sustainability, but does not otherwise comply with the CARES Act, it would not qualify for this particular grant opportunity. But if believe your project could be considered a “necessary expenditure” under the CARES Act, and you can incur all costs on it before December 30, 2020, your project could qualify.</p>
2.11	<p>Question: I just realized that there is also a requirement to submit a fiscal report by the 5th of every month. This is a quick turnaround that would really be difficult to do due to payroll and expenses. Normally our expenses close on the 9th of each month. Would you have a contact number I could call so I can ask about this?</p> <p>Answer: We agree that it’s a quick turnaround. It’s being driven by our own reporting requirements to the State of Hawaii. Governor Ige’s letter to the County contained this line:</p> <p style="text-align: center;">Financial reporting must be done on a monthly basis. The Coronavirus Relief Fund Reporting Form (Exhibit D of the handbook) shall be submitted electronically to my office, Attn: Ms. Rona Suzuki, and B&F <i>by the 10th day of following the close of each month.</i> The final report for December 2020 shall be due on December 20, 2020. Additional financial reports may be required to meet federal reporting requirements.</p>
2.12	<p>Question: When will notice of awards come out?</p> <p>Answer: Our goal is to issue Notices of Award on Thursday, July 9.</p>
2.13	<p>Question: What happens if funds are not spent by deadline?</p> <p>Answer: Funds not spent by the deadline would have to be returned to the County (and we would return them to the State of Hawaii, who would be obligated to return them to the U.S. Treasury).</p>

2.14	<p>Question: We have a community partnership project that we think would be awesome to apply for on the RFP. We are a 501(c)4 not-for-profit and our community partnership is with a normal private organization (not a non profit). If we are the fiscal sponsor, and act as the administrator of the funds, yet administer those funds to entities that are for-profit to execute the project (provided it gets approved and is in line with county objectives), is that allowed?</p> <p>Answer: We don't view the fiscal sponsorship idea as all that distinguishable from the small business grants (which we intend to announce more details on in late June or early July). In both cases a non-profit is distributing the funds to assist a for-profit purpose. The U.S. Treasury's "Guidance" states that "necessary expenditures" are those that address "medical or public health needs, as well as expenditures incurred to respond to <u>second-order effects</u> of the emergency, <u>such as by providing economic support to those suffering from employment or business interruptions</u> due to COVID-19-related business closures."</p>
2.15	<p>Question: If [non-profit] is the fiscal sponsor, will the application need to come directly from us? Or are we co-applicants? Or are we just the fiscal sponsor and [for-profit] is the applicant?</p> <p>Answer: Yes, the non-profit needs to submit the application. The entity you are sponsoring would not be a co-applicant.</p>
2.16	<p>Question: Is there anything specific we need to articulate, re-structure or communicate in the application due to the fiscal sponsorship arrangement?</p> <p>Answer: No, there isn't anything specific that needs to be articulated about a fiscal sponsorship arrangement. The various questions in the application should draw out <i>what</i> the program is for, <i>who</i> it is benefiting, how that benefit complies with the requirements of the RFP, etc. "Fiscal sponsorship" is one of those labels that doesn't seem quite defined. We would view the fiscal sponsor as a grantee; that their particular project is helping a particular entity is just something for the selection committees to consider during the evaluation process.</p>

2.17	<p>Question: I recall you mentioning that COK will not be indemnifying recipients of the RFP funds. Is this still true? If so, our legal counsel will work on our own independent contract with [for profit] regarding the liability portion in the absence of COK indemnification.</p> <p>Answer: Correct, the County will not indemnify recipients of the competitive RFP funds. The County will require <i>recipients to indemnify the County</i>. (See Section VI. of the RFP, which contains a Sample Grant Agreement. The indemnity requirement is in paragraph 15 on page 27).</p>
2.18	<p>Question: As the administrator of the funds (fiscal sponsor), we will take an administration fee in the process. Any idea if that is for any reason not allowed in this case?</p> <p>Answer: You are allowed to take an administrative fee but the administrative cost of the grant cannot exceed 5% of the total grant award.</p>
2.19	<p>Question: Just want to confirm: a 501(c)1 not-for-profit federal credit union (designated Low-Income and emerging CDFI) qualifies as a fiscal sponsor in this case?</p> <p>Answer: Yes. Any non-profit entity would qualify for the non-profit requirement.</p>
2.20	<p>Question: My question is whether a nonprofit's legal address for a grant must be on Kauai, with the case that all work and participants are on Kauai.</p> <p>Answer: There is no requirement that the legal address be on Kaua‘i. Any approved proposal needs to be for the benefit of the people of Kauai and/or Niihau. We suggest that the grant agreement make it clear how the applicant would ensure that the funds requested were exclusively allocated to, and spent on, benefiting the people of Kauai and/or Niihau.</p>
2.21	<p>Question: Some of the formatting features, such as bullet points, do not transfer over to the form. Is that intentional or would it be acceptable for us to submit a separate Word document in response to the narrative questions?</p> <p>Answer: Yes, you can provide one additional document with the narrative responses as long as you reference the name of that document in the application. Please send all application documents together in one email to grants@kauaiforward.com.</p>

2.22	<p>Question: We have seen an increase to services throughout the State of Hawaii, Kauai County included. We do, however, continue to see the need to help raise awareness about our programs, services, and Alzheimer's in general especially during a crisis such as this whereas our constituents are the most vulnerable.</p> <p>Would a Kauai County Public Awareness campaign fall within the grant scope?</p> <p>Answer: There needs to be an articulated connection between a Public Awareness campaign and the CARES Act purpose. The U.S. Treasury’s “Guidance” and FAQ give explanations as to what the federal government considers “necessary expenditures.” For instance, people living with Alzheimer’s disease may need extra and/or written reminders and support to remember important hygienic practices from one day to the next.</p>
2.23	<p>Question: Since time is of the essence, I need to decide whether or not to apply to this grant opportunity but didn't see anything in the Webinar or RFP that would preclude a for profit company from submitting a proposal but wanted to check with you before I pull something together. Please advise.</p> <p>Answer: A for-profit company <i>is precluded</i> from applying because the County Code <i>only allows grants to non-profits</i>. See Section III(C) of the RFP:</p> <p>Your organization is only eligible if it meets the requirements for grants contained in Kauai County Code Section 6-3.2.</p> <p>(a) All grants made by the County of Kauai to private organizations are to be made in accordance with the standards that the private programs so funded yield benefits to the public and accomplish public purposes. No grant, subsidy or purchase of services contract to a private organization shall be made or allotted unless the private organization submits an application indicating that the organization complies with the following criteria:</p> <ol style="list-style-type: none"> (1) The private organization is a not-for-profit organization, corporation or unincorporated association, chartered or otherwise engaging in charitable activities in the County of Kauai. (2) The purpose for which the private not-for-profit corporation or association is organized provides benefits to the people of the County of Kauai. (3) The purposes for which the not-for-profit corporation or association is organized and for which the group is requested

	<p>provides services or activities to meet a distinctive cultural, social or economic need and for which adequate Federal or State funding cannot be secured.</p> <p>That said, a non-profit who was <i>generally</i> seeking to help local restaurants could submit a proposal for funds to help local restaurants. Alternatively, you could seek a non-profit willing to act as a fiscal sponsor. The fiscal sponsor would be the grantee; that their particular project is helping a particular entity is just something for the selection committees to consider during the evaluation process.</p> <p>Either way, the applicant would need to comply with the terms and conditions of the RFP.</p>
<p>2.24</p>	<p>Question: Hello, I watched the webinar and appreciate all the information. I heard you say there would be a similar request for proposals for small businesses, and I was wondering how I can get notified when that becomes available? Is there another way rather than watching the web site? I almost missed this altogether.</p> <p>Answer: When the information on the grants for small business becomes available, it will be posted on kauaifoward.com. That would be the primary way of becoming notified.</p> <p>You could also sign up for the email newsletter. The sign up is on the bottom left of the <i>main</i> kauaifoward.com page. Including a picture [the picture is only a small snippet of the screen to help orient the reader] where you can see the green sign up box.</p> 

2.25	<p>Question: Would we be able to begin services at the time a notice of award is provided or will we have to wait until the funds are provided on July 22nd?</p> <p>Answer: You should wait until the Notice to Proceed is issued (which should be issued by Thursday, July 16).</p>
2.26	<p>Question: It looks like from the addendum that we are still needing to submit a final report by December 10th? Wondering because this will affect our end date for the project.</p> <p>Answer: Yes. If the State extends the County’s deadline, we will correspondingly extend our grantee’s deadlines.</p>
2.27	<p>Question: I emailed grants@kauaiforward.gov but my email was bounced back?</p> <p>Answer: It looks as if there is an error in the email address you used. The correct email address is grants@kauaiforward.com, not grants@kauaiforward.gov.</p>
2.28	<p>Question: Is there going to be confirmation of receipt? When we submit our proposal to grants@kauaiforward.com?</p> <p>Answer: Yes.</p>
2.29	<p>Question: What is the DATA UNIVERSAL NUMBERING SYSTEM (DUNS)? Is it only for For Profits?</p> <p>Answer: No. Non-profits may obtain DUNS numbers. It is a numbering system used by the federal government in their grants. A good explanation on obtaining an DUNS number can be found at https://www.grants.gov/applicants/organization-registration/step-1-obtain-duns-number.html</p>
2.30	<p>Question: Regarding the Creation of Job Roles - What is an appropriate Hourly Wage to pay? Is it okay to pay the standard wage, or would it be different given that this would be grant funded? Is there a limit to the number of jobs that can be created or any other guidelines surrounding the job creation?</p> <p>Answer: An appropriate hourly wage would vary by the job. It is appropriate to pay the standard wage; but you should explain what the standard wage is in your application. There is not a limit to the number of jobs that can be created. There are guidelines regarding job creation in Section V.A.5 of the Request for Proposals (starting on page 15).</p>

2.31	<p>Question: Can you please provide clarification on the KAUAI COUNTY CODE SEC 6-3.2. / Not-For-Profit vs. Non-Profit in context with county code? We are a non-profit. How would this to relate to us for the grant?</p> <p>Answer: We view the terms not-for-profit and non-profit as synonymous. If you are a non-profit you meet the requirements of Kauai County Code Sec 6-3.2.</p>
2.32	<p>Question: We have been receiving fish through [non-profit] that has been purchased with a grant through the County. We have not received funds directly, but we have received fish. We want to be transparent. How do we best represent this in the budget?</p> <p>Answer: We commend the transparency. You could include that information in a cover letter.</p>
2.34	<p>Question: I read through the information you shared regarding the DUNS number. Is it required that we apply and receive a DUNS number in order to apply for the grant?</p> <p>Answer: It’s required that you have a DUNS number to <i>receive</i> the grant funds. You do not need one to <i>apply</i>, or even to be <i>awarded</i>, but the County may <i>cancel the award</i> if you don’t have the DUNS number within three business days of Notice of Award. (It’s not automatic that it would be cancelled but at the County’s option).</p>
2.35	<p>Question: When creating jobs, is it okay to include expenses related to job creation such as unemployment insurance and workers compensation, health insurance?</p> <p>Answer: We read the U.S. Treasury’s guidance as considering such expenses as <i>eligible</i> (provided that costs are in fact “necessary expenditures” under the CARES Act). However, if the U.S. Treasury were to disagree with that determination, ultimately the non-profit would be responsible for repaying those funds. (See paragraph 10 of the sample agreement included in the RFP, and also Question 2.8 from Addendum No. 1)</p>
2.36	<p>Question: We understand we are limited to 5 support letters, but would it be okay to also include quotes/snippets from volunteers, food recipients and partners regarding our program?</p> <p>Answer: Yes, you could include quotes/snippets in a cover letter.</p> <p>Please be mindful that our selection committees are likely going to have go through a <i>voluminous</i> amount of material in a short time frame. (We are giving the applications to the selections committees on June 26 and asking for final scoring by July 8.)</p>

<p>2.37</p>	<p>Question: Can government agencies be sub-awardees of funds if needed for a project?</p> <p>Answer: Yes, government agencies can potentially be sub-awardees of funds.</p>
<p>2.38</p>	<p>Question: We keep the [non-profit building] open and maintained by renting it out for large and small functions, memorial services, classes, etc., but like everything else we had to shut down in March. Since we had no income I had to furlough one employee and reduce another employee’s hours and salary while they could work at home. Both are contract employees.</p> <p>Rental revenue is used to maintain the facility, pay off a large loan to repair our roof, [and for events.].</p> <p>I am asking for your advice to see if we have a “fit” to any of the grant categories. We are a 501(c)3 and do community work through our many chapters and posts to support Kauai (Toys for Tots, collect food for the Food Bank and more). We are also a backup emergency evacuation shelter for the Red Cross.</p> <p>My biggest concern is making up the lost wages of our two employees and when we reopen we need to enhance our normal cleaning procedures by getting a contract to fog the building at least weekly. I also want to be able to award our annual scholarship but with several months of no income we are bleeding out financially (still paying water, Spectrum, insurance bills etc.).</p> <p>Answer: From your description [non-profit] sounds like an eligible entity to apply for the "non-profit economic loss support" Sector Area.</p> <p>CARES Act funds can be used for many things, including:</p> <ul style="list-style-type: none"> • Wages • Non-government utilities bills (so on Kaua‘i everything but water) • Mortgage payments • Cleaning/disinfecting/PPE <p>CARES Act funds can only be used for expenses that are incurred between March 1, 2020 and December 30, 2020.</p> <ul style="list-style-type: none"> • Bad news: the funds that haven’t been used by December 30, 2020 must be returned to the U.S. Treasury. • Good news: you can ask for <i>reimbursement</i> for eligible expenses (such as wages paid, utilities, mortgage payments, etc.) that were <i>incurred</i> between March 1 and now. <p>The main hurdle of qualifying for the CARES Act grants is making sure the application articulates how the cost the grant is for is a “<i>necessary expenditure.</i>”</p>

	<p>That sounds more complicated than it really is. You already do a great job in your emailing explaining it. You had income; COVID-19 occurred; you had to shut down; now you have no income; you still have bills. We recommend expanding on that explanation, using the application’s questions to guide you. Concise is good, but don’t forget to include details that might seem “obvious.”</p> <p>That’s because part of what we are looking to do via this RFP process is build <i>good records for a later audit</i>. And what’s obvious now may not be obvious then. Or it may not be obvious to the auditor regardless. For instance, you could explain the wages of the employees, and why those wages are reasonable (e.g. prevailing commercial rate for that service).</p> <p>The other part of this that we think worth highlighting is the more complicated the grant proposal, the more complicated the reporting. And the reporting requirements are intense. A normal County grant calls for quarterly reports and gives some time to prepare them. The State is requiring monthly reports from the County on the 10th of each month (for the previous month), and thus the County is requiring monthly reports from its grantees on the 5th. That’s an extremely short turnaround time. So, the application needs to provide assurance that the non-profit’s fiscal staff will be able to make those requirements.</p> <p>On a closing note: if your employees, as contract employees, are ineligible for unemployment, we hope they are aware there is the pandemic unemployment assistance (PUA) program for self-employed, gig workers, etc.</p>
2.39	<p>Question: [Non-profit] is putting together a proposal for the CARES Act and we are wondering if an indirect cost percentage is available for budgeting?</p> <p>Answer: We wish we had a clearer answer to your question. There is still uncertainty regarding the CARES Act. Only the U.S. Treasury could give definitive answers, but besides what is posted on https://home.treasury.gov/policy-issues/cares/state-and-local-governments, we are not aware of any other official guidance.</p> <p>That said:</p> <p>Section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) contains no references or citations to the C.F.R.’s. The first FAQ issued by the U.S. Treasury also did not mention C.F.R.’s applying. Subsequently, the U.S. Treasury issued a FAQ on May 28, 2020 that made clear <i>certain</i> C.F.R.’s applied. Additionally, the State of Hawaii Handbook (Exhibit 5 to the sample grant agreement) which states: “Contract Provisions Under Federal Awards. All contracts made by a Grantee under a federal award must contain the provisions outlined in 2 C.F.R. 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Appendix II to Part 200 Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.”</p>

One of the C.F.R.'s under Cost Principles is 2 C.F.R. 200.416, Cost allocation plans and indirect cost proposals. That C.F.R., in relevant part, states: "The requirements for development and submission of cost allocation plans (for central service costs and public assistance programs) and indirect cost rate proposals are contained in appendices IV, V and VI to this part."

APPENDIX IV TO PART 200—INDIRECT (F & A) COSTS IDENTIFICATION AND ASSIGNMENT, AND RATE DETERMINATION FOR NONPROFIT ORGANIZATIONS.

As such, it's arguably necessary for a non-profit sub-grantee to comply with Appendix IV to Part 200.

On the other hand, per the U.S. Treasury's FAQ:

Are Fund payments to State, territorial, local, and tribal governments considered grants?

No. Fund payments made by Treasury to State, territorial, local, and Tribal governments are not considered to be grants but are "other financial assistance" under 2 C.F.R. § 200.40.

There minimal information on "other financial assistance" in 2 C.F.R. 200.

As noted: much uncertainty remains. Determining the ultimate applicability of the indirect cost principles to non-profits, whether there are exceptions, or other requirements in the C.F.R.'s, is beyond the scope of what we can do in this question and answer process. We must ask the applicants to make their own determinations, with the knowledge that if the U.S. Treasury determines that the funds were not eligible uses that portion of the funds would have to be returned.

We suggest erring on the side of caution and keeping indirect costs low.

Also, while "indirect costs" are not synonymous with "administrative fees," there is some overlap. And the County has capped administrative fees at 5%.

[END OF DOCUMENT]